



Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General

Subject: INFORMATION: Notification of Follow Up
Audit of the Title XI Loan Guarantee Program
Maritime Administration
Project No. 03C3003C000

Date: November 24, 2003

From: Mark R. Dayton 
Assistant Inspector General
for Competition and Economic Analysis

Reply to JA-50
Attn. of:

To: Maritime Administrator

At the request of the Senate Committee on Commerce, Science, and Transportation, and the House Committee on Appropriations, the Office of Inspector General performed an audit of the Maritime Administration's (MARAD) Title XI Loan Guarantee Program. Our report, dated March 27, 2003, found that MARAD needed to strengthen oversight of all phases of the loan guarantee process and made five recommendations.

On April 16, 2003, Congress appropriated \$25 million to MARAD for new Title XI loan guarantees.¹ As part of the appropriations bill, the Inspector General was required to certify that the recommendations set forth in the March 27, 2003 report had been satisfactorily implemented before MARAD can access those funds.

We have been working with MARAD over the last several months to establish new procedures that effectively address each of the recommendations set forth in the report. On September 8, 2003, the Maritime Administrator issued an action memorandum to the Secretary articulating MARAD's plan for improvements to the loan guarantee process. The letter included a target timetable of 120 days to implement the changes. The Secretary concurred with the memorandum on September 18, 2003. We will review the final procedures that MARAD develops to address our recommendations and verify that these procedures have been

¹ *Making Emergency Wartime Supplemental Appropriations for the Fiscal Year Ending September 30, 2003*

satisfactorily implemented. We will coordinate closely with you and your staff during the audit and will communicate our findings to the Secretary and Congress.

If I can answer any questions or be of further assistance, please feel free to contact me at (202) 366-9970, or my Program Director, Stuart Metzger, at (202) 366-1981.

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cc: MARAD Audit Liaison, MAR-310
OST Audit Liaison, M-1
Assistant General Counsel, C-70
Deputy Assistant Secretary for Budget, B-2